

AMENDED IN SENATE APRIL 1, 2008

**SENATE BILL**

**No. 1149**

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**Introduced by Senator Wiggins**

February 4, 2008

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An act to amend Section 276.5 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

SB 1149, as amended, Wiggins. Telecommunications: grants to areas not served by local exchange carriers.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. The commission is required until January 1, 2009, to establish a grant program to aid in the establishment of telecommunications service in areas not currently served by existing local exchange carriers. *The grant program is funded out of either the California High-Cost Administrative Committee Fund-A or California High-Cost Administrative Committee Fund-B, or both, and the funding level is prohibited from exceeding \$10,000,000 per year. Existing law prohibits any one applicant from receiving more than 25% of the designated program funds in a single fiscal year.*

This bill would extend the grant program until January 1, 2013, *would authorize grants to enable an area to communicate with essential emergency services, and would authorize the balance of moneys allocated in a fiscal year but not expended during that year to be expended in subsequent fiscal years, provided that no more than \$10,000,000 is transferred from the funds in any fiscal year. The bill would prohibit any one applicant from receiving more than 50% of the designated program funds in a single fiscal year.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 276.5 of the Public Utilities Code is  
2     amended to read:  
3     276.5. (a) The commission shall establish a grant program to  
4     aid in the establishment of telecommunications service in areas  
5     not currently served by existing local exchange carriers. The  
6     program shall be funded out of either the California High-Cost  
7     Administrative Committee Fund-A or the California High-Cost  
8     Administrative Committee Fund-B, or both, as determined by the  
9     commission, and the funding level may not exceed ten million  
10    dollars (\$10,000,000) per year. *The balance of moneys not*  
11    *expended during a fiscal year may be expended in subsequent*  
12    *fiscal years provided no more than ten million dollars*  
13    *(\$10,000,000) is transfered from the California High-Cost*  
14    *Administrative Committee Fund-A or California High-Cost*  
15    *Administrative Committee Fund-B, or both, in any fiscal year.*  
16    (b) On or after July 1, 2002, any community-based group  
17    representing a qualifying community may apply for and receive  
18    grants to build an original telecommunications infrastructure that  
19    can provide basic telecommunications service that will serve an  
20    area that meets the grant program's population criteria with  
21    consideration given to communities with schools, hospitals, and  
22    health clinics, as set forth in Decision 96-10-066, and that currently  
23    lacks basic telecommunications services, as described in Decision  
24    96-10-066 of the commission, *or to enable the area to*  
25    *communicate with essential emergency services.* A  
26    community-based group representing a qualifying community may  
27    alternatively apply for and receive a grant to subsidize the cost of  
28    the telecommunications service itself, if the group determines that  
29    this would be more cost-effective than subsidizing the building of  
30    an original telecommunications infrastructure. On or before June  
31    30, 2002, the commission, shall establish eligibility criteria for  
32    community-based groups to qualify to apply for  
33    telecommunications infrastructure grants. The criteria shall include  
34    a requirement that a local agency, as defined by Section 50001 of  
35    the Government Code, or a town, as defined by Section 21 of the

Government Code, shall act as the community-based group's fiscal agent for the receipt and distribution of funds. Qualifying communities shall have a median household income no greater than the income level used in the Universal Lifeline Telephone Service index for a family of four. The commission shall require that the telecommunications carrier that provides the service has the obligation to serve the community.

(c) Grant proposals shall be submitted in accordance with procedures prescribed by the commission and evaluated and awarded by the commission using technology criteria developed by the government-industry working group established by subdivision (h). Grant proposals shall contain all of the following:

(1) A letter from a local agency or town agreeing to act as a fiscal agent for the receipt and distribution of funds.

(2) Preliminary engineering feasibility studies conducted in cooperation with the local service providers that include all of the following:

(A) Topographical maps indicating the location of all existing residences.

(B) Schematic maps of the proposed network facilities.

(C) Recommendations and justifications for the preferred technologies.

(D) Network compatibility statements from one or more interconnecting carriers.

(E) Cost projections for the infrastructure facilities.

(F) Cost projections for the interconnection and recurring service provisions.

(G) Projected budget for engineering feasibility studies.

(3) Recommendations and letters of support from all of the following:

(A) The county board of supervisors.

(B) Other affected local governments.

(C) Affected school districts.

(D) Affected emergency service providers.

(E) Affected law enforcement agencies.

(4) Letters of commitment from 75 percent of the unserved population.

(5) A project schedule, including timeline and budget.

(6) A management plan that assures the proper utilization of grant funds.

1 (7) Evidence that competing providers and competing  
2 technologies have been considered and evaluated.

3 (d) Grant applicants that are rejected by the commission may  
4 be reimbursed for the cost of their preliminary engineering  
5 feasibility studies, including, but not limited to, any approved cost  
6 of a local telecommunications carrier that contributes to the studies,  
7 from the grant program.

8 (e) The procedures developed for awarding grants shall ensure  
9 that the grants awarded do not exceed annual moneys available to  
10 support the program, that not more than one grant is awarded to a  
11 qualifying community, and that no one applicant receive more  
12 than ~~25~~ 50 percent of the designated program funds in a single  
13 fiscal year.

14 (f) In evaluating grant applications, the commission shall  
15 consider the cost effectiveness of the application, the number of  
16 people served, the level of local support, the ability of the  
17 community served to pay for the services delivered, and the effect  
18 on public health and safety.

19 (g) The commission shall establish a government and industry  
20 working group to develop the technical criteria to be used in  
21 evaluating grant awards. The working group shall be composed  
22 of, but not limited to, all of the following:

23 (1) Representatives of the commission.

24 (2) Representatives of the incumbent local exchange carrier  
25 industry.

26 (3) Representatives of the competitive local exchange carrier  
27 industry.

28 (4) Representatives of the wireless carrier industry.

29 (h) Grant applicants shall seek to secure federal sources of  
30 funding in conjunction with local subsidies for the construction of  
31 telecommunications infrastructure.

32 (i) This section shall remain in effect only until January 1, 2013,  
33 and as of that date is repealed, unless a later enacted statute enacted  
34 before January 1, 2013, deletes or extends that date.